

**STATEMENT OF
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ADMINISTRATION AND RESOURCES MANAGEMENT
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE**

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Mr. Chairman and Members of the Committee, I am Romulo L. Diaz, Jr., Assistant Administrator for Administration and Resources Management at the Environmental Protection Agency (EPA). I am pleased to have the opportunity to appear before this Committee to present the Agency's views on S. 1311, a bill to create a separate EPA Region for Alaska.

Prior to discussing S. 1311, I'd like to provide a brief history of EPA's current ten-region structure. EPA was established by Reorganization Plan No. 3, signed by President Nixon in 1970. Under the terms of the Plan, components of several departments and agencies were consolidated in the new EPA, including components of the Departments of Interior, Agriculture, and Health, Education and Welfare (HEW).

EPA inherited two distinct regional structures from its predecessor agencies. Those components from HEW followed the ten standard Federal regions suggested by a Presidential directive issued in March of 1969. Components inherited from the Department of the Interior used a nine-region system divided along river basins. In order to facilitate easier operations with local and State governments as well as other with Federal agencies using the ten standard regions model, EPA chose to adopt this model.

In 1974, the Office of Management and Budget issued OMB Circular No. A-105, which formalized the 1969 Presidential directive and required agencies to adopt the standard ten-region

structure unless specifically exempted. OMB Circular A-105 remained in force until it was rescinded in 1995. In its recommendation to rescind the circular, OMB cited the Federal Government's expanded use of technologies to interact with the public and other factors that made a strict regional structure no longer necessary. The rescission, however, did not require agencies to re-examine existing regional structures. While EPA has in recent years completed several reorganizations within individual regions, it has not found any basis for changing the existing ten-region structure.

In 1990, Walter Hickel, then Governor of Alaska, called upon EPA Administrator William Reilly to create a separate Regional office for the State. Reasons given by the Governor and others in support of this request included among others, the State's unique environment and size, the predominance of oil exploration and development in the State's economy, and security issues related to Alaska's proximity to the Soviet Far East.

In response to the request to create a new region and the concerns expressed by the delegations of the potentially affected States, EPA undertook a study of the *Implications of Establishing a Regional Office in and for Alaska*. This study, which was completed in 1992, concluded that the proposed new region would not be cost effective and that there were better approaches to meeting the concerns of Alaska's elected officials.

On January 19, 1993, President Bush signed a memorandum ordering Administrator Reilly to establish Region XI. Administrator Reilly responded to the President's memorandum on January 20, 1993, by signing an "administrative order" establishing the new region.

Under the new Administration, the Agency reviewed the report and the history of the proposal. After careful consideration was given to the concerns expressed by Alaska's elected

officials, its citizens, and State, industry, and environmental groups, and the findings of the Alaska study, EPA believed that the concerns of Alaska could be more effectively and efficiently satisfied through a variety of other means. These included better collaboration with the State in developing program priorities, in improving delivery strategies, and in modifying administrative structures. In light of the 1992 study and EPA's experience in the intervening years, we remain convinced that the creation of a separate Regional Office for Alaska would not be the most effective structure for addressing the unique circumstances faced by Alaska. We also remain committed to working with the State to most effectively and efficiently serve our mutual goals of protecting public health and the environment.

Let me review a few of the most important ways in which EPA today is working to fulfill its commitment to one of this nation's most geographically diverse areas.

Recognizing Alaska's Uniqueness

The administrative structure that EPA's Region 10 created for its Alaska operations is unique among EPA's State organizations. With 39 employees, it is the largest of any EPA State-based operation, and EPA intends to maintain the necessary emphasis to keep pace with the State's needs.

The Alaska Operations Office makes recommendations on a wide range of environmental and human health issues affecting the people of Alaska. These recommendations form the basis of final Agency decisions on matters relating to the State.

The Alaska Operations Office is responsible for on-the-ground implementation of EPA programs in the State. In addition to administering some programs directly, the Operations

Office provides technical assistance to help the State and local and Tribal governments in administering EPA programs that have been delegated to them at their request.

EPA offices in the cities of Juneau and Anchorage provide the public in those population centers with access to EPA staff. The Agency's office in Juneau facilitates close coordination of EPA programs with related departments of the State government. The Anchorage office is readily accessible to the businesses and industries regulated by EPA.

In addition to these offices, EPA employees work with the Department of Interior in a Joint Pipeline Office, assist the Department of Defense in waste clean up, and work in the office of the Alaska Inter-Tribal Council. To support preservation and restoration of the watersheds in the Kenai Peninsula, EPA has one staff member in that location.

These employees are highly trained professionals, many with advanced degrees in scientific and technical fields, specifically selected because of their familiarity with the arctic and subarctic climate and with the challenges of dealing with environmental issues in remote areas. To broaden the expertise of EPA staff and to maintain their in-depth knowledge of local issues, the Alaska Operations Office has used agreements for the exchange of personnel with State and local government organizations such as the City of Anchorage, the Alaska Department of Environmental Conservation, the Alaska Inter-Tribal Council, the Joint Pipeline Office, the Alaska Native Health Board, and the Denali Commission. In addition, interagency exchanges are in effect between EPA and the U. S. Department of Defense and the U. S. Forest Service. These exchanges help the Agency develop programs that are tailor-made for local conditions and that build coalitions with various organizations with similar Alaska-related concerns and goals.

Flexible Program Implementation for Alaska

In 1995, EPA initiated a National Environmental Performance Partnership System. Under this system, the Agency's partnership agreement with the State of Alaska, initially drafted in May of 1977 and updated every two years, is an integrated and flexible strategic plan for addressing the State's environmental problems. The recently revised agreement contains mutually determined priorities and a plan of action that involves both the EPA and the State in working together to achieve environmental goals. The plan encompasses all EPA-financed assistance that goes to the State, including that designated for air quality, water quality, drinking water, facility construction, underground storage tanks, wellhead protection, toxic waste clean-up, hazardous waste, and pollution prevention programs.

A central element of the partnership between EPA and Alaska is that the agreement integrates federally-funded programs administered by EPA with related programs funded by the State and by other Federal agencies. It is intended to give the State maximum flexibility to address its specific needs while maintaining a core level of environmental protection.

A few examples will serve to illustrate the flexibility that EPA gives to Alaska:

- **Fuel standards.** In light of the State's unique geographical, meteorological, air quality, and economic factors, EPA has granted Alaska an exemption from meeting the current sulfur standard for highway diesel fuel. The Agency is now proposing to lower the national standard to 15 ppm (parts per million) for sulfur, but also proposed permitting Alaska to develop its own alternative low-sulfur transition plan. In addition to flexibility on the sulfur standard, the State also has authority to develop its own method for reducing carbon monoxide, and has been working

with Region 10 to identify alternative approaches to achieve carbon monoxide reductions.

- Rural sanitation. Region 10 created a Rural Sanitation Coordinator position in the Alaska Operations Office to work directly with villages and with other agencies and organizations that provide rural sanitation services. The Operations Office played a substantial role in the development of the State Rural Sanitation Action Plan, which recognizes the challenging sanitation issues faced by communities in rural Alaska and the difficulties these communities have in managing, operating, and maintaining sanitation facilities. EPA's Office of Wastewater Management provides funds to the Alaska Native Health Board to assist rural Alaskan communities in meeting their sewer and water system management, operation, and maintenance needs.
- Drinking water. The Agency recognizes the particular challenge Alaska faces in ensuring that communities have water that is safe for drinking, swimming, and fishing. There are more than 3,500 public water systems in Alaska, 95% of which serve fewer than 500 people in rural and remote locations. To help communities in Alaska meet this challenge, EPA has provided in excess of \$100 million since 1995 for construction of drinking water and wastewater facilities in Alaskan communities.
- Wetlands protection. EPA and the Corps of Engineers have worked to develop a wetlands permitting process that takes into account the State's highly diverse environmental, economic, and geographical conditions. In 1994, as part of the

Alaska Wetlands Initiative, EPA and the Corps convened a panel of stakeholders and solicited broad public input to identify and address concerns with the implementation of the Section 404 program in Alaska. Some 2000 comments were received over the course of the initiative. In response to concerns raised by these stakeholders, guidance was issued that emphasizes the discretion and flexibility afforded to the Corps to craft decisions that take into account environmental conditions unique to Alaska. As part of EPA's ongoing Section 404 efforts in Alaska, the Agency is working closely with local interests in the Kenai to determine how recreational and economic activities can proceed while protecting important aquatic resources.

Making Progress, Achieving Results

A number of measures point to the success of EPA efforts to tailor programs to the specific needs of the State and to give the State the greatest possible flexibility to establish priorities and allocate funds. Here again are some examples:

- Permit backlogs for municipal discharges, mining, pulp, and seafood operations have been reduced from 69% in 1996, to 21% in March 2000, and are expected to be further reduced by the end of this calendar year.
- The Alaska Operations Office has worked successfully with the State, the City of Juneau, and the cruise industry to help ships comply with State and Federal air and water standards in a cost-effective and environmentally protective manner. This project, and others such as Superfund site cleanups and the restoration of abandoned industrial sites to productive use, demonstrates that environmental

protection and economic development in Alaska, as elsewhere, are complementary.

- EPA has been the primary sponsor, both financially and technically, of the Yukon River Inter-Tribal Council, which is conducting research on ways of protecting the Yukon River Watershed.
- EPA, the State of Alaska, the Canadian Government, and related other Federal and State agencies are currently in negotiations on ways to protect the Taku Watershed and Alaska fisheries from the harmful effects of mining wastes.
- EPA created an arctic monitoring program to assess the impact of circumpolar and transpacific pollutants such as persistent organic pollutants and radioactive contaminants on the State's sensitive arctic region and its indigenous peoples.

Summary

During the past seven years, EPA has worked to address all the issues that prompted the proposal to create a separate Regional office for the State. Although there is always room for improvement, much progress has been made. As I have already indicated, we are addressing Alaska's unique and varied geography directly in a number of cost effective ways. We will continue to assess our program needs for the State.

On behalf of the Environmental Protection Agency, I pledge that we will continue to work with Members of Congress as well as the State of Alaska and others to consider additional ways to better serve the environment and people of Alaska.

Thank you for the opportunity to appear before you today. I would be pleased to answer any questions you may have.